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FOR IMMEDIATE RELEASE  
OCTOBER 8, 2004

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**EX-HEADS OF WALSH MANNING SECURITIES CONVICTED  
OF U.S. CHARGES IN BOILER ROOM AND STOCK MANIPULATION CASE**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that FRANK SKELLY and CRAIG GROSS, the former principals of Walsh Manning Securities LLC ("Walsh Manning"), a now-defunct securities broker-dealer headquartered in Manhattan, were convicted in Manhattan federal court yesterday on multiple charges of securities fraud and conspiracy to commit securities and wire fraud in connection with schemes to defraud thousands of investors of more than \$80 million.

The evidence at trial showed that the defendants orchestrated a scheme in which they and other brokerage firms, including the now-defunct Foster Jeffries Securities Corp. ("Foster Jeffries"), as well as an officer of the brokerage firm JB Sutton Group, LLC, ("JB Sutton"), earned millions of dollars in illegal profits from the artificial manipulation of the market for the securities of at least four companies whose securities traded on the NASDAQ market.

The evidence at trial also showed that from about November 1995 through the summer of 1998, GROSS and SKELLY conspired with the owners of Foster Jeffries, JB Sutton and a broker at another firm to artificially manipulate the market price and demand for the securities of the following companies:

- (1) Brake Headquarters, Inc. ("Brake Headquarters"), a distributor of automotive brake system products and other automobile component parts;
- (2) American HealthChoice, Inc. ("American HealthChoice"), a primary care medical clinic management company;
- (3) Multimedia Games, Inc. ("Multimedia Games"), an electronic gaming technology development company; and
- (4) Jenna Lane Inc., a women's clothing manufacturer.

The evidence at trial showed that the defendants, through their brokerage firm, managed to obtain substantial control over the large majority of the securities of these four companies, among others, by purchasing them at below market prices from private investors, and thereafter artificially setting the prices of those securities through a series of directed and prearranged trades.

According to the evidence at trial, moreover, the defendants caused Walsh Manning brokers to employ various "boiler room" sales tactics to sell those manipulated securities to thousands of retail customers at artificially inflated prices, and then refused to allow those customers to sell those securities unless they purchased other artificially inflated

Walsh Manning securities.

SKELLY and GROSS were convicted of one count of conspiracy to commit securities fraud and wire fraud and three counts of securities fraud arising from the defendants' manipulation of the stock of all four companies.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation and the Criminal Prosecution Assistance Group of the NASD for their assistance in the investigation and prosecution of this case.

United States District Judge RICHARD M. BERMAN scheduled January 21, 2005, for the sentencing of SKELLY and GROSS. On the securities fraud counts, SKELLY and GROSS each face a maximum penalty of 10 years in prison and a maximum fine of \$1 million, or twice the gross gain or loss resulting from the crime. The conspiracy fraud count carries a maximum penalty of 5 years in prison and a maximum fine of \$250,000, or twice the gross gain or loss resulting from the offense.

SKELLY, 38, originally from Long Island, New York, currently resides in Jupiter, Florida.

GROSS, 39, resides in Kings Park, New York.

Assistant United States Attorneys RAY LOHIER and JOSHUA KLEIN, and Special Assistant United States Attorney RHONDA L. JUNG, are in charge of the prosecution.

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